

VA**U.S. Department
of Veterans Affairs**

News Release

Office of Public Affairs
Media RelationsWashington, DC 20420
(202) 461-7600
www.va.govFOR IMMEDIATE RELEASE
October 7, 1998

Washington, D.C. -- The Department of Veterans Affairs (VA) has reduced from six to five percent the interest rate on loans veterans have taken against their government life insurance policies.

The rate drop means a savings of \$5.5 million in annual interest charges for some 125,000 veterans who currently have loans against their policies at the higher rate.

All policyholders with six-percent loans automatically had their loans reduced to the five-percent rate on Oct. 1. The rate reduction is in effect at least until Oct. 1, 1999.

Nearly 1.6 million veterans who have policies prefixed with V, W, RS, RH, J, JR or JS in the National Service Life Insurance program, have the right to borrow against their policies at a variable interest rate that can range between five and 12 percent depending on investment conditions. If warranted, rate changes occur on Oct. 1 of each year and remain effective for at least one year.

The last change in the loan interest rate occurred on Oct. 1, 1995, when VA increased the rate from five to six percent. VA had lowered the rate to five from seven percent on Oct. 1, 1993.

The interest charged on policy loans is returned to the life insurance reserve funds. Any excess reserves are automatically returned each year in the form of dividends to policyholders with participating policies.

For further information, veterans can call VA's Philadelphia Insurance Center toll free at 1-800-669-8477.